

IDENTIFICATION OF THE AREA:

Name or Designation: *KENT-COVINGTON-MAPLE VALLEY-BLACK DIAMOND-
AND UNINCORPORATED KING COUNTY*

Area 65

BOUNDARIES:

Area 65 is bounded on the West by the westerly boundaries of the following Sections, Townships and Ranges: Sections 11, 14, 23 & 26 of T. 22 N., R. 4 E., Section 32, T. 22 N., R. 5 E., Sections 5, 8, 17 & 23 of T. 21 N., R. 5 E. and the west line of Section 27, T. 21 N., R. 6 E.

Area 65 is bounded on the North by S. 208th Street as extended to Section 11, T. 22 N., R. 7 E. Then South to the north line of the following Sections, Townships and Ranges: Sections 13 & 14 of T. 22 N., R. 7 E., Sections 14, 15, 16, 17, & 18 of T. 22 N., R. 8 E. Then South to the north line of the following Sections, Townships and Ranges: Sections 1 & 2 of T. 21 N., R. 8 E., Sections 1 to 6 of T. 21 N., R. 9 E., Sections 1 to 6 of T. 21 N., R. 10 E., Sections 5 & 6 of T. 21 N., R. 11 E. Then south to the north line of Sections 21 to 24 of T. 21 N., R. 12 E.

Area 65 is bounded on the East by the easterly boundary of King County and the easterly boundary lines of the following Sections, Townships and Ranges: Section 10, T. 22 N., R. 7 E. Then to the ½ Section line of Sections 14, 23, 26 & 35 of T. 22 N., R. 8 E.

Area 65 is bounded on the South by the southerly line of Section 25, Township 21 North, Range 11 East and extended westerly to Section 28, Township 21 North, Range 6 East. Then the South boundary moves to the southerly line of Sections 19 to 21 of T. 21 N., R. 6 E. and Sections 23 & 24 of T. 21 N., R. 5 E. Then to the southerly line of Sections 15, 16 & 17 of T. 21 N., R. 5 E. Then to S. 277th Street and finally to the southerly ¼ line of Section 26 of T. 22 N., R. 4 E.

Area 65 contains approximately 193,300 acres, of which, approximately 29,400 acres are incorporated within the Cities of Kent, Black Diamond, Covington and Maple Valley.

MAPS:

A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

AREA DESCRIPTION:

Area 65 is located just north of the SE corner of King County and is comprised of approximately 193,300 acres, which includes four incorporated cities. The city of Kent is the second city incorporated in King County in 1890. Black Diamond has been incorporated since 1959 while Covington and Maple Valley have been in existence only since August 31, 1997. Briefly, the largest of the four cities is Kent with a population of near 84,560 and has a total land area of 18,310 acres. It covers a geographic area of 29 square miles. Kent is the 3rd most populated city in King County. Maple Valley has a population of 16,280 and has a total land area of 3,609 acres. Covington is next with a population of 15,190 and has a total land area of 3,540 acres. Finally, Black Diamond with a population of 4,000 and has a total land area of 3,936 acres.

POPULATION AND GROWTH RATES

<u>CITY</u>	<u>1990</u>	<u>2004</u>	<u>CHANGE</u>	<u>%CHANGE</u>
Kent	37,960	84,560	46,600	+123%
Covington	11,100	15,190	4,090	+37%
Maple Valley	6,660	16,280	9,620	+144%
Black Diamond	1,422	4,000	2,578	+181%

The major development of commercial/industrial/retail/office use is found within the borders of the four cities noted above. However, within these cities are commercial districts that have grown rapidly over the past five years. These areas of rapid growth have taken place along major arterial or intersections. The fastest of these would be the intersection of SR-18 and SR-516 (Covington CBD). Since the City of Covington implemented their first Comprehensive Plan in September 2001, the intersection of SR-18 and SR-516 has seen a high rate of new construction. Wal-Mart, Walgreen, Bowen Scarff Ford car dealership, and Applebee's Restaurant, which had a grand opening this fall and winter of 2004. Three major retail buildings are set to finish construction this coming summer of 2005 with major tenants like Office Depot, Fitness Center, Supercut, Payless shoe store, 123 Cash, EB Games, and Medical and Dental tenants. More new construction occurred at the intersection SR-169 and SR-516 (Four Corners), with new line retail building starting to lease tenants and a new office building. At the intersection of SR-167 and S 212th St., Winco Food Store, with over 95,000sf GBA opened its' doors in the spring of 2004. The intersection of Kent-Kangley and 104th, known as the Kent East Hill Community shopping center, has been steadily busy and well occupied. Last but not the least is the construction of a new business park in Maple Valley.

¹**City of Kent** has a progressive government, which recognizes the importance of business to the health of the community. Kent is one of the largest warehouse distribution and industrial manufacturing centers in North America with the state's highest concentration of over 45 million sq. ft. of space. It has an excellent rail and truck transportation, strategically located on Interstate 5 and State Route 167 halfway

¹ City of Kent

between the Ports of Seattle and Tacoma, and 10 minutes from SeaTac International Airport. Other major routes include the Valley Freeway (SR-167), which traverses Kent north-south, while I-405 and SR 516 run east-west through South King County. Both the Union Pacific and Burlington Northern Railroads provide services to many business and industrial properties, and Kent is now a stop for the regional commuter rail system which provides service between downtown Tacoma and Seattle. Kent is the seventh largest city in the state (84,560). Kent has taken a lead in Western Washington in addressing transportation congestion and freight mobility by investing over \$87 million and leveraging an additional \$120 million for three east-west transportation corridors that link Kent businesses with Interstate 5. Low taxes (no B&O tax) and a new state-of-the art permit center make Kent a favorite business location.

²Downtown Kent is the vibrant traditional center of the Kent Valley. Kent's historic downtown district offers great restaurants, specialty retail, office space, and plenty of free parking. Almost 12,000 employees work within 1 mile of downtown. Downtown Kent is also the financial hub of the City, with numerous banks and deposits of over \$300 million. Grand opening in 2005 is Kent Station — a town center project with a 12 screen multiplex theater, a branch campus of Green River Community College and additional retail and restaurants. Kent Station is a \$100 million, 470,000 square-foot retail, education, entertainment and residential project. The developer for the project is Tarragon Development, and the project will be built on 18.2 acres of property that the City purchased in 2001. This project is located adjacent to the Sounder commuter rail station, will create a community focal point and gathering place, making downtown Kent an economic and community cornerstone for years to come.

Downtown is also home to the City's civic center including City Hall, the Kent Downtown Library, the Kent Downtown Post Office, and the King County Regional Justice Center. Each day 150 jurors arrive at the Regional Justice Center with time to shop and sample restaurants.

Kent Station is a once in a lifetime opportunity to grow Kent's economy and to create a mixed-use destination downtown next to mass transit. Overall, the City is investing \$17.3 million into the project which will become Kent's new economic anchor, is projected to create over 500 jobs and will provide a more vital and identifiable City Center with homes, jobs, services and shopping to serve the greater Kent community. The long-term payback revenues from the project will come from the phased sale of the land to the developer and tax revenues

Companies making their home in Kent include Flow International, Hexcel Corporation, Mikron Industries, Starbucks Roasting Plant, Oberto Sausage Company, South County Journal newspaper printing press, REI, and Boeing. There is still vacant land available for office and industrial development. In Kent's downtown and the industrial area there are developed properties ready for occupancy or redevelopment.

Other new major commercial developments in the City of Kent either recently certified for occupancy or under construction include the following:

 Valley Bank Financial Center in Downtown Kent

² City of Kent

- ✚ Seattle Union Gospel super store in Downtown Kent
- ✚ 100,000sf Furniture for less in North Kent Valley
- ✚ 33,000sf project known as East Hill Village
- ✚ An expanded Natures' Market in East Hill of Kent
- ✚ New Frontier Bank in East Hill of Kent
- ✚ Homestreet Bank in Downtown Kent

³The City of Kent is preparing an Update to its Transportation Master Plan (TMP) and will be looking for community participation in a number of ways. The TMP guides the development of the City's transportation facilities, programs, plans and systems through the year 2020. The transportation system is designed to facilitate and support the City's long range Land Use Plan as defined in the 2004 Update to the Comprehensive Plan.

⁴Factors that have contributed to the commercial activity in Kent include improvements to the infrastructure with most influence being the upgrading of the road systems in the area. Three government agencies, State, County, & City have combined to build or upgrade the existing roads in Area 65.

Projects Underway or Recently Completed:

- ✚ Pacific Highway South HOV Lanes North Phase (147KB PDF)
- ✚ Pacific Highway South HOV Lanes South Phase (142KB PDF)
- ✚ Kent Station Offsite Improvements (249KB PDF)
- ✚ 228th Street Extension (159KB PDF)
- ✚ 272nd Street / I-5 Interchange Improvements (126KB PDF)
- ✚ SR-516 Paving by WSDOT (PDF, 90KB)

⁵**The City of Covington** is a new city that incorporated in 1997. It is located north and east of the City of Tacoma on SR-18 and SR-516. The City consists of a small commercial core surrounded by low-density residential developments. The Core is bisected by SE 272nd Street (SR-516, Kent-Kangley Road). Downtown Tacoma is less than twenty-five minutes away, Kent is about 15 minutes away, and Seattle is about 50 minutes away.

The Downtown sub area encompasses 595.9 acres of varying parcel sizes. There are 90.1 acres of existing commercial, office and industrial land uses within the Downtown sub area. The core of the Downtown sub area generally stretches east to west along SR 516 from the Covington Medical Center under SR 18 to the Covington Library and surrounding commercial, industrial and office uses.

³ City of Kent Transportation Department

⁴ South County Journal

⁵ The City of Covington

As the region grew, development concentrated along several arterial roads, and particularly along SR-516, the major east west arterial in the city. ⁶Large irregular lots along SR-516 were subdivided from what had been farms and forested land. Regional growth and market forces coupled with the existence of the major arterial (SR-18 and SR-516) produced a pattern of auto-oriented low-density strip commercial development with few public amenities. The minimal street infrastructure, which was required by County standards, provided neither efficient traffic circulation nor sidewalks or other amenities for pedestrians. The resulting development pattern is a series of separate businesses surrounded by surface parking.

⁷Today Covington is a community with many residents who live adjacent to the downtown core area. Because of the minimal street infrastructure, direct walking routes between residential areas and the downtown core area do not exist. For example, while there are two large regional/community shopping centers at the intersection of Wax Road and SR-516, there are no convenient pedestrian connections to them from nearby multi-family and single family neighborhoods. Low-density residential development is occurring adjacent to the core area mostly in small cul-de-sac divisions. The additional needs of these families for recreation, local employment and cultural activities do not exist but could play a role in the opportunity to create a new and special place called Downtown Covington.

Covington has lifted its moratorium on development with respect to plats, short plats and 1-4 residential units. The plan guides the city's growth over the next 20 years, attempting to maintain Covington's "small town" feel. For instance, the plan will turn Wax Road into a pedestrian-friendly Main Street by adopting the so-called "Main Street zoning" for a strip north of 272nd St. from Highway 18 to Wax Road. Main Street zoning calls for mixed-use development and hidden parking lots. Currently, single-family homes line Wax Road, and city staff says it could take years for the area to be redeveloped. The current road project for the city is to improve SR 516 (SE 272nd Street) between 168th Place SE and SE Wax Road, in the heart of the Covington central business district. The City expects to complete the design and construction of the project within two years.

Wal-mart, a 134,000 square foot store on a 13 acre site north of Southeast 272nd Street, just east of the new post office, had their grand opening at the beginning of 2005. Costco wholesale has proposed to build a 135,000 square foot store on a 12.88 acre lot south of Southeast 272nd Street (just south of Fred Meyer). Costco is still negotiating the purchase of the land.

⁸The **City of Maple Valley** is one of King County's three newest cities, along with the City of Covington and the City of Kenmore. The city is located east of Kent and Covington, just north of Black Diamond and Lake Sawyer on State Highway 169. ⁹The City of Maple Valley incorporated on August 31, 1997. Since that time the residents, City Council and City Hall staff have worked diligently to develop the City's first Comprehensive Plan, adopted November 22, 1999, and craft the Development Regulations, adopted December 13, 1999, to implement the Plan. These two instruments lay the groundwork for meeting the City of Maple Valley vision for the future.

⁶ South County Journal

⁷ City of Covington Comprehensive plan

⁸ City of Maple Valley

⁹ Municipal Research & Services Center of Washington

The construction of a new business park and a line retail building in Maple Valley Hwy and Witte Road has been completed. A new 16,000sf line retail building known as Maple Valley Town Center is under construction.

Kent Kangley road and 228th Ave. SE road project are still under construction to reduce congestion along Maple Valley Highway between SE 231st Street and Witte Road. Another road work is along Witte Road – SE 240th Street to 244th Place Reconstruction. This is due to the fact that commercial activity in this area is increasing rapidly.

For the next 18 months, the SR 169 Corridor Study will address various transportation issues from Enumclaw, through Black Diamond, Maple Valley, and Renton along SR 169.

¹⁰**The City of Black Diamond** is a small community in Southeast King County, approximately 30 miles from Seattle. Founded at the turn of the century as a mining company town, the city was formally incorporated in 1959. The city features a pure, stable water supply and is actively seeking new businesses. State Route 169 connects Black Diamond to Renton in the north (18 miles) and Enumclaw in the south (8 miles). Major businesses in the city include the Anesthesia Company, Pacific Coal Company, and Palmer Coking Coal Company.

For the next 18 months, the SR 169 Corridor Study will address various transportation issues from Enumclaw, through Black Diamond, Maple Valley, and Renton along SR 169.

Since the incorporation of Black Diamond, the city zoning is in agreement with the King County comprehensive plan zoning. City of Black Diamond is in the process of implementing its own zoning under their new revised comprehensive plan.

POPULATION SIZE CHART

	<u>TOTAL</u>	<u>65-10</u>	<u>65-20</u>	<u>65-30</u>	<u>65-40</u>	<u>65-50</u>	<u>65-60</u>
Vacant Land	716	118	101	186	57	157	97
*Improved	1,224	228	127	275	179	274	141
Specialty parcel	627	111	121	57	193	97	48
Total Parcel	2,567	457	349	518	429	528	286

*Excluding Specialty Improved Parcels

¹⁰ Municipal Research & Services Center of Washington

PHYSICAL INSPECTION AREA:

The Physical Inspection area for Area 65 is neighborhood 20. The neighborhood boundaries fall within the City of Kent known as the Industrial Valley. A total of 228 parcels (Vacant and Improve but excluding Improved Specialty parcels) were inspected for this year. The boundaries of the general neighborhood may be delineated as follows:

Northerly: South 208th Street.
Southerly: South 277th Street
Easterly: West Valley Hwy and 98th Ave. South
Westerly: Frager Road (Green River)

PRELIMINARY RATIO ANALYSIS:

A Preliminary Ratio Study was done in January of 2005. The study included sales of improved parcels showing a weighted mean ratio of 92.5%, indicating the need for revaluation.

Another Ratio study was done after application of the 2005 recommended values. The results are included in the validation section of this report. Summary table of the statistical ratio is as follows:

IMPROVED STATISTICAL RATIO CHART				
REVALUE	WEIGHTED MEAN	COD	COV	PRD
2004	92.5%	10.65%	15.47%	1.00
2005	99.9.%	5.39%	7.87%	.99

SCOPE OF DATA

LAND VALUE DATA:

Vacant commercial sales from 1/1/2002 to 12/31/2004 were given primary consideration for valuing land as vacant to be developed to its highest and best use. Sales used were all verified as good or fair market and coded as 02 in the Assessor's records. Multi-parcel sales were also considered after combining the assessed values of all parcels involved in the sale. Greatest weight was placed on those sales that occurred nearest the 1/1/2005 lien date. See complete land report for this area.

IMPROVED PARCEL TOTAL VALUE DATA:

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales were verified if possible by calling the purchaser or seller, mass mailing of Sales verification questionnaires, inquiring in the field or calling the real estate agent. Characteristic data is verified for all sales if possible. Due to time constraints, interior inspections were limited. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report. Additional information resides in the Assessor's procedure manual located in the Public Information area of the King County Administration Building.

LAND VALUATION

Land Summary:

Twenty four arms' length vacant land sales occurred from 1/1/2002 to 12/31/2004 in Area 65. But only twenty one sales were used for ratio studies. Three arms' length sales resulted in segregation after sale. Several of these sales were multi-parcel transactions.

All sales were analyzed based on zoning and location. Each neighborhood was analyzed based on sales, and values were equalized in accordance with size, location, and zoning. Assessed values were not changed on properties with zoning codes having no sale representation.

The total recommended land value for the 2005 Assessment year (taxes payable in 2006) is **\$841,072,300** (excluding specialty parcels land value). The total 2004 Assessment year land value for this area was **\$795,281,000** (excluding specialty parcels land value). The percent change increase from 2004 assessed value to 2005 recommended assessed value is 5.76%. This increase was due primarily to market value increases of commercial zoning in neighborhoods 30, 40, & 50 and Industrial properties in neighborhoods 20, & 50. The values of the remaining parcels in neighborhoods 10, 20, 30, 40, 50, & 60 were equalized. The new total land parcels for area 65 is 2,549. Approximately 1.2% of the total parcels in this area have experienced a reduction in land value while 33.0% of the total parcels in this area have experienced an increase in land value.

Preliminary Land Ratio Analysis:

A Preliminary Land Ratio Study was completed just prior to the application of the 2005 recommended land values. This study benchmarks the current assessment level using 2004 posted land values. The ratio study was also repeated after application of the 2005 recommended land values. The results are included in the validation section of this report.

	<i>2004 Ratio</i>	<i>2005 Ratio</i>
<i>Assessment Level</i>	97.8%	97.9%
<i>Coefficient of Dispersion</i>	4.56%	2.79%
<i>Coefficient of Variation</i>	7.72%	3.91%
<i>Standard Deviation</i>	7.46%	3.82%
<i>Price Related Differential</i>	.99	1.00

Sales Analysis by Neighborhood:

Area 65-10 North Kent Industrial Valley area:

Only one sale from this neighborhood was used for the 2005 revalue. Each zone code was analyzed separately. Average assessed value for parcels zoned Industrial (M1), Limited Industrial (M2), General Industrial (M3), and Commercial Manufacturing (CM) is \$5.00 to \$6.50 per square foot with no significant value change indicated. Area 65-10 is bounded to the north by area 70-25. Area 70-25 has a significant number of land sales of M zoned parcels. These sales were also analyzed to arrive at the assessed value of Industrial zoned parcels in this neighborhood. Gateway Commercial (GWC) and General Commercial (GC) zoned shows a market value average from \$8.00 to \$14.00 per square foot with the lower end of the value range representing properties with land problems and larger lot size for this type of zoning in this location. Average assessed value for this zoning is \$9.00 per square foot. There have been no sales of multi-family zoned parcels in this neighborhood for the last three years. Multi-family zoning in this neighborhood was analyzed using the sales in neighborhood 20, 30, & 40. Average assessed value for Multi-family zoning is \$5.00 per square foot.

Area 65-20 South Kent Valley area:

Three sales from this neighborhood were analyzed for the 2005 revalue. Two sales are industrial zoned parcel and the third sale is a general commercial zoned parcel. The Industrial (M1), Limited Industrial (M2), General Industrial (M3), and Commercial Manufacturing (CM) zoned properties were valued in relationship with neighborhood 10 industrial sales which ranged from \$5.11 to \$5.80 per square foot with no significant value change indicated. Industrial zoned properties in this neighborhood were valued consistently with those similarly zoned parcels in neighborhood 10 (M1, M2, & M3). Sale 2 is a General Commercial (GC) zoned parcel, which sold for \$10.00 per square foot. The recommended assessed value for GC zoned parcels is \$10.00 per square foot on average. MRH, MRM, MRG, and MRD zoned parcels are valued consistently with neighborhood 10. Agricultural (AG) and Residential Agricultural (SR1) zoned parcels in this neighborhood are equalized to an average assessed value of

\$20,000 to \$24,000 per acre based on prior 2001 years sales of this type of zoning. Residential (SR) zoned parcels are assessed at an average of \$4.00 per square foot

Area 65-30 Downtown Kent area:

Four sales from this neighborhood were analyzed for the 2005 revalue. Sale 5 is a Downtown Commercial Enterprise (DCE) zoned parcel while Sale 6 is a General Commercial-Mix use (GC-MU) zoned parcel and indicate a market value of \$9.26 and \$10.42 per square foot respectively. The recommended average assessed value for DCE, DC, GC, and GC-MU zoned parcels are \$10.00 per square foot with the exception of smaller parcels which are assessed at site value. Two sales of Multi-family zoned parcels indicate an average market value of \$5.50. Manufacturing (CM) and Downtown Limited Manufacturing (DLM) zoned parcels are valued at an average of \$5.00 per square foot.

Area 65-40 Kent East Hill area:

Five sales were available for analysis in this neighborhood. Office zoned properties show an average market value of \$6.50 per square foot. Sale 9 and 11 are zoned CC & CC-MU (Community Commercial-Mix Use) parcel respectively and sold for less than the typical market value for CC & CC-MU because of the inferior location of these properties. While sale 10 is a sale of CC zoned parcel located at the corner of SE 240th St. and 104th Ave. SE highly desirable busy intersection corner. This sale represents the market value of corner lots on high traffic areas. There are many Community Commercial (CC) zoned parcels in this neighborhood. They are valued at a range of \$9.00 to \$20.00 per square foot depending on the location. The Community Business (CB) zone is also prominent in this area. These parcels are valued at an average of \$8.00 per square foot. Multi family zoning such as R6 to R48, MRM, MRT, MRT16 and SR were valued at an average of \$4.00 to \$6.00 per square foot depending on the location and size of the property.

Area 65-50 Southeast Kent, North Auburn, Covington, & Maple Valley area:

Ten sales from this neighborhood were considered in the 2005 revalue. Six of these sales are zoned for commercial services (Office and Retail). The price range for this type of property is from \$4.00 to \$20.00 per square foot depending on the location and size of the property. Sales in this neighborhood are similar to sales in 65-40. The zoning in the vast majority of their Commercial Districts is Community Business (CD, CB, BC, & CC are all the same), Neighborhood Business (NB, CN), and Regional Business (RB, CR) zones. The market value for these zones ranges from \$6.00 to \$25.00 per square foot depending on the location, zoning, and size. The recommended assessed value for these types of zone codes is from \$6.00 to \$20.00 per square foot depending on the location, size, and zoning. Three sales of BP (Business Park) and one sale of I (Industrial) show market value of \$2.50 to \$8.55 per square foot. Industrial and Manufacturing zoning is valued at \$0.69 to \$8.00 per square foot depending on the location and size. The same analysis used for QM zoning in neighborhood 60 was used here. The recommended assessed value for QM zoning is \$7,000 to \$12,000 per acre depending on the size, location, and the amount and type of Sensitive Area on the property. Multi family zoning such as R6 to R48 were valued at an average of \$2.00 to \$5.00 per square foot depending on the location and size of the parcel. There are

Agricultural zoned parcels in this neighborhood that are valued at \$12,000 to \$15,000 per acre. Covington is the newest city and has recently added DC (downtown commercial) a new zoning on their first comprehensive zoning plan.

Area 65-60 Black Diamond, Ravensdale, Palmer/Kanasket, Cumberland & Southeast Unincorporated King County:

There is one arms' length sale available in this neighborhood but was not use for this analysis because of the problem the parcel possesses. Area 65-60 has a large geographic expanse and many varying zone codes throughout. Ravensdale, Palmer/Kanasket, and Cumberland are still unincorporated and are part of King County zoning. Black Diamond currently uses King County zoning. Commercial Business (CB), Neighborhood Business (NB), and Community Commercial (CC) are the three major commercial zonings in this area. The recommended value for these types of zone codes is from \$2.00 to \$6.00 per square foot depending on the location and size. This neighborhood has some Quarry Mining (QM), Mining (M), and Forest (F) zoning. The recommended assessed value for QM, M, and F zoning is \$3,000 to \$12,000 per acre (or \$0.07 to \$0.28/sf) depending on the size, location, and the amount of sensitive area on the property. Forest/Timber sales were used for analyzing some of the Mining (Mineral) zoned parcels because of the unavailability of M zoned sales. The average sales price for Timber/Forest parcels in King County is \$3,000 per acre. Residential zoned parcels that are being assessed by the Commercial Business Section would include those properties improved by a Cemetery, Golf Courses, Churches, Schools, Government buildings, Parks, and other exempt properties.

Conclusion:

Area 65 encompasses large geographic land area. Five jurisdictions with many varying zone codes were applied to the parcels to determine the market value of the land for assessment purpose. Black Diamond, Covington, Kent, Maple Valley, and unincorporated King County are the major contributor of this zoning in their respective jurisdiction. The low cost of land values have driven up housing construction in this part of the county. The increasing population in the East Hill of Kent, Covington, and Maple Valley thus shows an increase in demand for more community commercial (retail and office) in this area. The available land sales in Area 65 support an increase in assessed value for specific zoning types and locations. Many of the recommended assessed land value changes reflect equalization of properties of the same zoning in the neighborhood, with the exception of parcels that reflect increases in value due to market inflation. Most of the market inflation occurs in Commercial Service zoning. Wetland properties subject to the Sensitive Areas Ordinance (SAO), and agricultural properties did not change in value due to a lack of new market evidence. Area 65 has many split zoned properties. Values for these parcels were based on the total of each value allocation per zoning for each parcel. Overall, Area 65 experienced minimal increases in assessed value on those properties in the Kent valley that are zoned commercial (office and retail) and industrial. Simultaneously, commercial (office and retail) in Covington and Maple Valley have also experienced an increase in assessed value due to high demand of this type of property.

Improved Parcel Total Values:

Sales comparison approach model description

The model for sales comparison was based on four data sources from the Assessor's records, occupancy codes, age, condition, and size. A search was made on data that most closely fit a subject property within each geographic area.

Sales comparison calibration

There were 86 total improved sales in Area 65 from 1/1/2002 to 12/31/2004 considered to be good, fair market transactions reflective of the market conditions. But ten sales were not used in this analysis for statistical ratio purpose. Two sales were the result of a multi parcel sale that sold together with specialty parcels. A segregation and renovation was done after the sale for the other eight sales. These sales were arranged into market segments based on present use. The search for comparable sales was within each geographic neighborhood and expanded to include the surrounding competing neighborhoods within the geographic area.

Based on the analysis of the sales, a price per square foot of net rentable area was calculated on each sale. This price per square foot established the upper and lower limit of the market for each type of property within the subject area. Adjustment factors for location, quality, and effective age were given consideration.

Cost approach model description

The Marshall & Swift Commercial Estimator are automatically calculated on all properties. Depreciation was also based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area. The cost approach was used to estimate the market value of special-purpose properties, and other properties that are not frequently exchanged in the market.

Cost calibration

Each appraiser valuing new construction can individually calibrate Marshall-Swift valuations to specific buildings in our area by accessing the parcel and the computerized valuation model supplied by Marshall & Swift.

Income capitalization approach model description

Income tables were developed for Area 65 for all neighborhoods using direct income capitalization. The Income Approach was the predominant valuation method used in the valuation of Area 65.

Income approach calibration

The tables were calibrated after setting economic rents, vacancy, expenses and direct capitalization rates by using adjustments based on size, effective age, and construction quality as recorded in the Assessor's records. This economic information was collected predominately in the market place. Additional information sources utilized include but are not limited to: sales reporting services such as *Costar.Comps*, *CBRichard Ellis report*, and other appraisal reports. Data collected in the field, data collected through sales verification questionnaires, fee appraisals, journals and publications were also used in this analysis.

The tables used are included in the addenda of this report. The following is a brief summary of the stratification of these parameters for the major property types:

Property Type	Rent Range	Vacancy Rate	Expense Rate	Overall Cap Rate
Small Office Building	\$9.00 to \$24.00 NNN	5%	10%	8.5% to 10%
Large Office Building	\$10.00to\$24.00 Gross	10% to 20%	35% to 40%	8.5% to 10%
Retail	\$9.50 to \$26.00 NNN	4% to 10%	10%	8.5% to 10%
Service Garage	\$5.00 to \$10.00 NNN	5% to 10%	7.5% to 10%	8.5% to 10%
Warehouse/ Industrial	\$2.00 to \$6.00 NNN	5% to 10%	7.5% to 10%	8.0% to 10%
Medical/Dental	\$16.00 to 26.00 Gross	10%	35% to 45%	8.5% to 10%
Small Apartment	\$5.00 to \$11.00 NNN	5% to 10%	10%	9% to 10%
Large Apartment	\$11.50 to \$15.00 Gross	0%	30%	8% to 9.5%
Restaurant/ Tavern/Fast Food	\$12.00 to \$26.00 NNN	5% to 10%	10%	8.5% to 10%

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

The area appraisers individually reviewed all parcels for correctness of the table application before final value selection. The appraiser can adjust any or all of the factors used to establish value by the model. The market rents as established by the income model were used as a guide in establishing the market rental rates used. The market rental rates applied vary somewhat but falls within an acceptable range of variation from the established guideline. Final value selects were reviewed by the Senior Appraisers before posting.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust by particular characteristics and conditions as they occur in the valuation area. Area 65 has a lot of excess land because of the area's location. Building to Land ratio was properly determined to calculate the excess land for individual property type.

All of the statistical measures in the valuation are in compliance and within the guidelines of International Association of Assessing Officers (IAAO) standards. These are presented both in the Executive Summary and in the 2004 and 2005 Ratio Analysis charts included in this report.

The total assessed value for the 2004 assessment year for area 65 was **\$1,964,175,740**. The total recommended assessed value for the 2005-assessment year (taxes payable in 2006) is **\$2,098,201,340**. Approximately, 58% of the total improved parcels in this area have experienced an increase in Assessed value. Another 2.5% have experienced a decrease in assessed value. Finally, 39.5% shows no change in assessed value.

Application of these recommended values for the 2005 assessment year (taxes payable in 2006) results in an overall change from the 2004 assessment of 6.82%. This increase is due partly to upward market changes over time, new constructions in this area, and the equalization of property Assessment values in each neighborhood.

TOTAL ASSESSED VALUE CHART				
<u>REVALUE</u>	<u>2004</u>	<u>2005</u>	<u>CHANGE</u>	<u>% CHANGE</u>
*Land	\$ 795,281,000	\$ 841,072,300	\$ 45,791,300	5.76%
*Total Value	\$1,964,175,740	\$2,098,201,340	\$134,025,600	6.82%
* Excluding Specialty Parcels' Total Assessed Value				

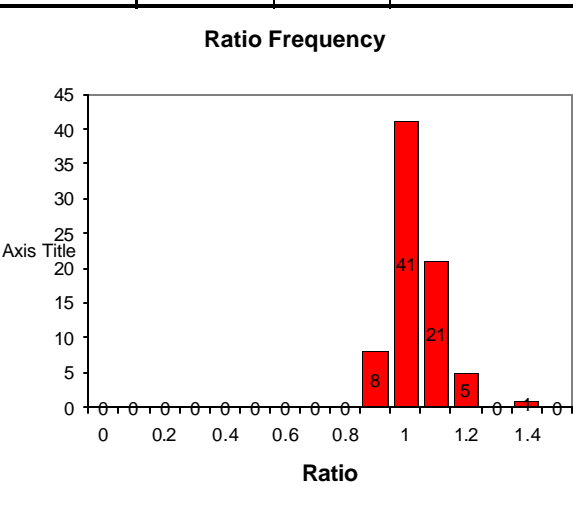
Note: More details and information regarding aspects of the valuations and the report are retained in the working files and folios kept in the appropriate district office.

Improvement Ratio Study (Before)

2004 Assessments

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:																						
South Crew	1/1/2004	4/14/2005	1/1/02 - 12/31/04																						
Area	Appr ID:	Prop Type:	Trend used?: Y / N																						
65	MRAM	Improvement	N																						
SAMPLE STATISTICS																									
Sample size (n)	76	<div>Ratio Frequency</div> <table><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>0.5-0.6</td><td>1</td></tr><tr><td>0.6-0.7</td><td>2</td></tr><tr><td>0.7-0.8</td><td>2</td></tr><tr><td>0.8-0.9</td><td>7</td></tr><tr><td>0.9-1.0</td><td>14</td></tr><tr><td>1.0-1.1</td><td>33</td></tr><tr><td>1.1-1.2</td><td>12</td></tr><tr><td>1.2-1.3</td><td>3</td></tr><tr><td>1.3-1.4</td><td>2</td></tr><tr><td>1.4-1.5</td><td>0</td></tr></tbody></table>		Ratio	Frequency	0.5-0.6	1	0.6-0.7	2	0.7-0.8	2	0.8-0.9	7	0.9-1.0	14	1.0-1.1	33	1.1-1.2	12	1.2-1.3	3	1.3-1.4	2	1.4-1.5	0
Ratio	Frequency																								
0.5-0.6	1																								
0.6-0.7	2																								
0.7-0.8	2																								
0.8-0.9	7																								
0.9-1.0	14																								
1.0-1.1	33																								
1.1-1.2	12																								
1.2-1.3	3																								
1.3-1.4	2																								
1.4-1.5	0																								
Mean Assessed Value	1,529,100																								
Mean Sales Price	1,652,800																								
Standard Deviation AV	2,609,205																								
Standard Deviation SP	2,696,673																								
ASSESSMENT LEVEL																									
Arithmetic mean ratio	0.923	<div>Axis Title</div>																							
Median Ratio	0.951																								
Weighted Mean Ratio	0.925																								
UNIFORMITY																									
Lowest ratio	0.4779	<div>These figures reflect measurements before posting new values.</div>																							
Highest ratio:	1.2980																								
Coeffient of Dispersion	10.65%																								
Standard Deviation	0.1428																								
Coefficient of Variation	15.47%																								
Price-related Differential	1.00																								
RELIABILITY																									
95% Confidence: Median																									
Lower limit	0.914																								
Upper limit	0.970																								
95% Confidence: Mean																									
Lower limit	0.891																								
Upper limit	0.955																								
SAMPLE SIZE EVALUATION																									
N (population size)	1130																								
B (acceptable error - in decimal)	0.05																								
S (estimated from this sample)	0.1428																								
Recommended minimum:	32																								
Actual sample size:	76																								
Conclusion:	OK																								
NORMALITY																									
Binomial Test																									
# ratios below mean:	30																								
# ratios above mean:	46																								
z:	1.720618004																								
Conclusion:	Normal*																								
*i.e., no evidence of non-normality																									

Improvement Ratio Study (After) 2005 Assessments

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:
South Crew	1/1/2005	4/14/2005	1/1/02 - 12/31/04
Area	Appr ID:	Prop Type:	Trend used?: Y / N
65	MRAM	Improvement	N
SAMPLE STATISTICS			
Sample size (n)	76	<div>Ratio Frequency</div>  <p>A histogram showing the frequency of ratios. The x-axis is labeled 'Ratio' and ranges from 0 to 1.4. The y-axis is labeled 'Axis Title' and ranges from 0 to 45. The bars represent the following frequencies: 8 for ratio 0.9, 41 for ratio 1.0, 21 for ratio 1.1, 5 for ratio 1.2, and 1 for ratio 1.3.</p>	
Mean Assessed Value	1.651.500		
Mean Sales Price	1.652.800		
Standard Deviation AV	2.873.861		
Standard Deviation SP	2.696.673		
ASSESSMENT LEVEL			
Arithmetic mean ratio	0.993	<div>These figures reflect Improvement Assessment ratios in Area 65 following completion of 2005 Revalue.</div>	
Median Ratio	0.986		
Weighted Mean Ratio	0.999		
UNIFORMITY			
Lowest ratio	0.8431	<div>These figures reflect Improvement Assessment ratios in Area 65 following completion of 2005 Revalue.</div>	
Highest ratio:	1.3440		
Coefficient of Dispersion	5.39%		
Standard Deviation	0.0781		
Coefficient of Variation	7.87%		
Price-related Differential	0.99		
RELIABILITY			
95% Confidence: Median		<div>These figures reflect Improvement Assessment ratios in Area 65 following completion of 2005 Revalue.</div>	
Lower limit	0.976		
Upper limit	1.000		
95% Confidence: Mean			
Lower limit	0.975		
Upper limit	1.010		
SAMPLE SIZE EVALUATION			
N (population size)	1130		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.0781		
Recommended minimum:	10		
Actual sample size:	76		
Conclusion:	OK		
NORMALITY			
Binomial Test			
# ratios below mean:	42		
# ratios above mean:	34		
z:	0.802955069		
Conclusion:	Normal*		
*i.e., no evidence of non-normality			

Improvement Sales Used Area 65

	Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
1	065	010	122204	9050	4,316	1872839	\$825,000	02/28/02	\$191.15	OFFICE BLDG & MANUFACTURING	M3	1	Y	
2	065	010	122204	9088	57,900	2046419	\$3,100,000	06/10/04	\$53.54	CONTINENTAL HARDWOOD	M2	1	Y	
3	065	010	122204	9098	5,160	2009042	\$1,450,000	12/16/03	\$281.01	SEATTLE MARINE	M2	1	26	Imp changed after sale; not in ratio
4	065	010	122204	9112	73,937	2058956	\$3,500,000	07/28/04	\$47.34	WAREHOUSE/OFFICE		1	Y	
5	065	010	132204	9034	2,948	1951827	\$437,500	04/11/03	\$148.41	MULTI-TENANT OFFICE	GC	1	Y	
6	065	010	132204	9053	4,750	1866830	\$2,350,000	01/29/02	\$494.74	PETERSON OFFICE BLDG	GC	3	Y	
7	065	010	132204	9101	6,022	1973116	\$660,000	07/15/03	\$109.60	ABC RENTALS	GC	1	Y	
8	065	010	182205	9291	7,350	1901748	\$650,000	07/31/02	\$88.44	WAREHOUSE	CM-1	1	Y	
9	065	010	182205	9313	400	1884801	\$250,000	05/09/02	\$625.00	CEDAR WEST	CM-1	2	Y	
10	065	010	383090	0360	35,525	1925625	\$1,600,000	11/27/02	\$45.04	HERMANSON CORP	M3	2	Y	
11	065	010	543620	0042	97,373	2005843	\$5,712,500	12/02/03	\$58.67	BENAROYA AT SOUTH 236TH	M1	1	Y	
12	065	010	775780	0032	1,651	2039115	\$262,000	04/23/04	\$158.69	VALLEY REAL ESTATE	GWC	1	Y	
13	065	010	775780	0090	15,208	1867742	\$1,325,000	02/07/02	\$87.13	CORVI BUILDING	GWC	2	Y	
14	065	010	775780	0092	3,000	1962372	\$575,000	05/27/03	\$191.67	BUS CHARTER CO	M2	1	Y	
15	065	010	775780	0201	3,154	1886197	\$325,000	05/06/02	\$103.04	2 SFR AND SHED	CM-1	1	Y	
16	065	010	775980	0022	14,772	2089878	\$675,000	12/14/04	\$45.69	J P FRANCIS & ASSOC	GWC	1	Y	
17	065	010	775980	0040	23,952	1978110	\$2,700,000	07/24/03	\$112.73	LES SCHWAB TIRE CENTERS	M3	1	Y	
18	065	010	883480	0020	64,000	1993190	\$2,900,000	10/03/03	\$45.31	WAREHOUSE	M1	1	Y	
19	065	020	000440	0020	6,600	1938851	\$600,000	02/12/03	\$90.91	FIELD ROOF SERVICE INC	I	2	Y	
20	065	020	002470	0020	15,193	1962507	\$937,328	05/28/03	\$61.69	ACCESS IND. PK. BLDG. B	M2	1	Y	
21	065	020	142204	9004	43,750	1958908	\$2,723,500	05/16/03	\$62.25	WAREHOUSE	M1	1	Y	
22	065	020	142204	9009	6,865	1884904	\$1,675,000	05/08/02	\$243.99	SIGN SHOP	M1	3	26	Imp changed after sale; not in ratio
23	065	020	161250	0290	9,592	2082676	\$612,500	11/05/04	\$63.86	WEST COAST AWARDS	DCE	1	Y	
24	065	020	232204	9066	6,029	2093797	\$810,000	12/21/04	\$134.35	YAMAMOTO REST	GC-MU	1	Y	
25	065	020	346280	0300	936	1874309	\$1,955,000	03/21/02	\$2,088.68	WALNUT GROVE M H PARK	MHP	1	Y	
26	065	020	543620	0022	5,040	2020820	\$650,000	02/26/04	\$128.97	WEST VALLEY GROCERY	GC-MU	1	Y	
27	065	020	543620	0580	8,900	1963592	\$2,700,000	05/30/03	\$303.37	WAREHOUSE	GC-MU	2	Y	
28	065	020	619540	0040	65,100	2038644	\$3,750,000	05/12/04	\$57.60	ADVO SYSTEMS	M1	1	Y	
29	065	020	887980	0010	83,503	1964417	\$4,850,000	06/09/03	\$58.08	DIADORA	M1	1	Y	
30	065	020	887980	0030	26,805	2093163	\$2,325,000	12/27/04	\$86.74	Van Dorens Landing(Some Wetland)	M1-C	1	Y	
31	065	030	242204	9060	25,680	1964841	\$1,150,000	06/06/03	\$44.78	KIRSOP INDUSTRIES	DCE	3	26	Imp changed after sale; not in ratio
32	065	030	242204	9121	3,161	1900862	\$220,000	07/29/02	\$69.60	VALLEY FRAME SHOP	DCE	1	26	Imp changed after sale; not in ratio
33	065	030	242204	9151	8,444	1915610	\$400,000	10/08/02	\$47.37	KENT GYPSUM	DCE	1	Y	
34	065	030	261100	0140	32,723	2046931	\$1,930,000	06/10/04	\$58.98	WHSE	M2	1	Y	
35	065	030	382800	0075	1,860	2022340	\$210,000	02/26/04	\$112.90	ABLE PEST CONTROL	CM-2	1	Y	
36	065	030	382800	0465	976	1901590	\$100,000	08/01/02	\$102.46	OFFICE	CM-2	1	Y	
37	065	030	382800	0525	3,047	2018122	\$375,000	02/09/04	\$123.07	OFFICE AND DUPLEX	CM-2	1	Y	
38	065	030	382800	0600	7,380	2046042	\$750,000	06/10/04	\$101.63	JIM FOX OFFICE	CM-2	1	Y	
39	065	030	543620	0341	3,690	1914303	\$320,000	09/25/02	\$86.72	UNIQUE SALVAGE	DCE	1	Y	
40	065	030	543620	0503	3,464	1866876	\$620,000	02/05/02	\$178.98	EMISSION TESTING STATION	GC	1	Y	
41	065	030	543620	0524	122,399	1889333	\$10,750,000	05/28/02	\$87.83	NEIGHBORHOOD SHOPPING CTR	GC	2	26	Imp changed after sale; not in ratio
42	065	030	543620	0784	1,100	2043232	\$340,000	05/27/04	\$309.09	THE FAMILY DRIVE IN	GC	1	Y	
43	065	030	917960	0005	6,760	2059329	\$565,000	07/28/04	\$83.58	RC AUTOBODY		1	Y	
44	065	030	917960	0775	4,000	1992655	\$490,000	09/29/03	\$122.50	VETERINARY TRANSPLANT SERVI	GC	1	Y	
45	065	030	917960	0860	20,160	2040313	\$1,200,000	05/20/04	\$59.52	VACANT PARCEL	DCE	2	Y	
46	065	030	917960	1245	2,500	2057864	\$296,000	07/21/04	\$118.40	UNOCCUPIED BUILDING	DCE	1	Y	
47	065	030	917960	1540	5,560	1981123	\$470,000	08/13/03	\$84.53	MOTORCYCLE MANIAX	DCE	1	Y	
48	065	030	917960	1635	6,400	2029027	\$332,000	03/29/04	\$51.88	AUTO REPAIR	GC	1	Y	
49	065	030	982570	0345	7,159	1986160	\$514,800	09/04/03	\$71.91	EDLINE-YAHN FUNERAL HOME	DC	3	26	Imp changed after sale; not in ratio
50	065	030	982570	0975	3,385	2067329	\$445,100	08/30/04	\$131.49	OFFICE/RETAIL	DCE	1	Y	
51	065	030	982570	0975	3,385	2067329	\$435,100	08/30/04	\$128.54	OFFICE/RETAIL	DCE	1	22,58	Parcel converted to Condo, sale not use.
52	065	030	982570	1051	18,632	2074796	\$1,770,500	10/01/04	\$95.02	CASCADE OFFICE BLDG	DCE	1	Y	
53	065	030	982570	1470	13,404	2035208	\$825,000	04/19/04	\$61.55	BOULDRON BUILDING	DC	1	Y	
54	065	040	172205	9037	9,481	1886206	\$1,550,000	05/17/02	\$163.48	7-11 AND LINE RETAIL	CC	1	Y	
55	065	040	172205	9194	4,470	1979868	\$670,000	08/08/03	\$149.89	RETAIL	CC-MU	1	Y	
56	065	040	172205	9197	2,808	1934225	\$300,000	01/16/03	\$106.84	RETAIL STORE	CC-MU	1	Y	
57	065	040	192205	9081	2,400	1929382	\$315,000	12/02/02	\$131.25	TRI-PLEX	MR-M	1	Y	
58	065	040	202205	9098	2,260	2034425	\$498,088	04/22/04	\$220.39	NAIL STUDIO	O-MU	1	Y	
59	065	040	202205	9111	7,487	2005385	\$1,300,000	11/24/03	\$173.63	GIBSON & CO PERS SERV CTR	CC	1	Y	
60	065	040	202205	9117	24,105	1897592	\$3,635,000	07/09/02	\$150.80	EAST RIDGE OFFICE PARK II	O-MU	2	Y	
61	065	040	202205	9132	22,430	2035282	\$2,250,000	04/23/04	\$100.31	DUNN LUMBER	CC	1	Y	
62	065	040	202205	9222	7,900	2048289	\$923,000	06/03/04	\$116.84	KELLY-MOORE PAINT CO	CC	1	Y	
63	065	040	202205	9274	264,199	1927082	\$18,850,000	12/11/02	\$71.35	SUNRISE POINT - PHASE II	MR-M	3	Y	Apartment specialty, sale not use.
64	065	040	292205	9076	9,354	2032477	\$1,250,000	04/15/04	\$133.63	EAST HILL PROFESSIONAL CTR	CC	1	Y	
65	065	040	292205	9195	22,960	2000469	\$1,479,138	11/05/03	\$64.42	SKATE KING	CC	1	Y	
66	065	040	292205	9250	12,322	1999968	\$1,718,000	10/22/03	\$139.43	LAFAYETTE SQUARE	CC	1	Y	
67	065	040	783080	0116	21,998	1996208	\$3,180,000	10/10/03	\$144.56	BIG 5 SPORT GOODS/RETAIL	CC	1	Y	
68	065	040	783080	0132	4,000	1893585	\$726,500	06/21/02	\$181.63	PARKER PAINTS	CC-MU	1	Y	
69	065	040	783080	0138	1,672	2073393	\$225,000	09/27/04	\$134.57	CLIFF HULK INSURANCE	CC-MU	1	Y	
70	065	050	102206	9022	3,404	2029075	\$250,000	03/26/04	\$73.44	VALLEY AUTOMOTIVE ELECTRIC	NB	3	Y	
71	065	050	162206	9126	18,154	1950629	\$2,425,000	04/04/03	\$133.58	HAGEN PLAZA	CB	1	Y	
72	065	050	162206	9172		2060064	\$275,000	08/01/04	\$0.00	VACANT LAND		1	Y	